

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 ERDA-05 AID-05 CEA-01 CIEP-01 DODE-00

FEAE-00 FPC-01 H-02 INT-05 L-02 NSC-05 OMB-01 PM-03

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00

FRB-03 PA-01 PRS-01 /097 W
----- 054617

R 071418Z MAY 75

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 1094

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E.O. 11652: N/A

TAGS: ENRG, EINV, AR

SUBJ: ESSO SITUATION, RECENT DEVELOPMENTS

REF: A. BA 2691; B. BA 2312; C. ASUNCION FBIS R 211720Z APR 75

1. ESSO REPS REPORT SOME FORWARD PROGRESS IN NEGOTIATIONS TO RESOLVE OUTSTANDING PROBLEMS. IT APPEARS GOA HAS REACHED INTERNAL AGREEMENT ON ITS POSITION AND IS NOW PRESSING HARD FOR PROMPT SETTLEMENT WITH ESSO AND OTHER PRIVATE COMPANIES. RECENTLY, ENERGY SECRETARY ISSUED TWO DECREES TOWARD THIS OBJECTIVE. ONE APPOINTS A SPECIAL COMMISSION TO "STUDY AND RESOLVE" DIFFERENCES BETWEEN YPF AND PRIVATE COMPANIES; THE OTHER GIVES YPF 60 DAYS TO WORK OUT FINAL SETTLEMENT.

2. ACCORDING TO ESSO REP, FRAMEWORK FOR SETTLEMENT WILL INCLUDE YPF EXPROPRIATION OF ALL ESSO ASSETS IN MARKETING AND DISTRIBUTION, ALONG WITH NEGOTIATION OF SERVICE CONTRACT FOR REFINERY OPERATIONS. IN PRACTICE, THIS APPEARS TO US TO BE YPF POSITION WHICH ESSO NOW PREPARED TO SWALLOW AS BEST, OR ONLY, ALTERNATIVE AVAILABLE. PREVIOUSLY, ESSO HAD STRONGLY
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OPPOSED ANY CHANGE IN REFINERY STATUS.

3. ESSO REP RELIEVED THAT LABOR DAY CELEBRATION PASSED QUIETLY. NEVERTHELESS, NEGOTIATIONS CONTINUE IN DIFFICULT POLITICAL CIRCUMSTANCES. AS REPORTED REFTEL A CGT BACKING CAMPAIGN, HOW SERIOUSLY NOT YET CLEAR, TO EXPEL MULTI-NATIONAL COMPANIES IN PETROLEUM SECTOR FROM ARGENTINA. MOVEMENT LED BY PETROLEUM WORKERS SECRETARY GENERAL DIEGO IBANEZ, WHO REPORTEDLY OUT TO REMOVE YPF PRESIDENT BLANCO AS WELL. MOST RECENTLY, SEVERAL FREJULI CONGRESSMEN HAVE SPONSORED BILL IN CONGRESS TO NATIONALIZE PETROLEUM INDUSTRY WITH CONFISCATORY COMPENSATION. WE ARE CHECKING TO DETERMINE IF BILL LIKELY TO HAVE ANY SIGNIFICANT BACKING IN CONGRESS.

HILL

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Message Attributes

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Margaret P. Grafeld
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EO Systematic Review
05 JUL 2006

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